

PERMANENT COMMUNITY IMPACT FUND BOARD MEETING

Department of Workforce Services
Housing and Community Development Division
Salt Lake City, Utah

MINUTES

Thursday, July 7, 2016

Members Present

Keith Heaton
David Damschen
Bruce Adams
Steve Farrell
Jae Potter
Gregg Galecki
Jim Matson
Ron Winterton
Naghi Zeenati
Garth "Tooter" Ogden

Chairman
State Treasurer
Southeastern Utah Association of Local Governments
State Board of Water Resources
Carbon County
State Board of Water Quality
Five County Association of Governments
Uintah Basin Association of Governments
State Transportation Commission
Six County Association of Governments

Excused Members

Michael McKee

Uintah County

Staff and Visitors

Jonathan Hardy
Candace Powers
Gayle Gardner
Shad West
Cristine Rhead
Kimberley Schmeling
Kyle Slaughter
Flint Timmons
Wade Faraway
Brian Carver
Nathan Hall
Ken Burdick
Ilene Jensen
Chase Thomas
Bruce Williams
Dallas Jensen
Greg Todd
Rick Rosenberg
Cody Christensen
Kevin Yack
Kirt McDaniel
Kelly Alvey
Jason Jacobson
Ronni Torre
Hilary Gordon
Jonathan Johansen

Housing and Community Development
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Attorney General's Office
Bear River Association of Governments
Division of Drinking Water
Duchesne County
Upper County Water Improvement District
Alliance for a Better Utah
Zion's Bank Public Finance
Upper County Water Improvement District
Duchesne County
Santa Clara City
Uintah Basin Association of Governments
Uintah Basin Association of Governments
Jviation
Sigurd Town
Sigurd Fire Department
Huntington City
Huntington City
Johansen & Tuttle Engineering

Jason Brown
Judd Hill
Diana Carroll
Kirk Nielsen
Darin Robinson
Travis Kyhl
Dustin Deaton
Taylor Deaton
Dwayne Brown
Joel Linares
Doug Nielsen
Michael Bryant
Alex Buxton
Brent Marshall
Elizabeth Tubbs
Michael Shea
Eric Johnson
Justin Atkinson
Michelle Brian
Cody Grundy
Jeff Olsen
Kevin Turner
Dusty Wilkinson
Brent Christensen
Christina Davis
Mike Hansen
Shannon Ellsworth

Beaver City
Grand County
Grand County
Junction Town
Jones & DeMille Engineering
Six County Association of Governments
Salina City
Salina City
Salina City
Grantsville City
Sunrise Engineering
Southeastern Utah Association of Local Governments
Zion's Bank Public Finance
Grantsville City
Grand County
HEAL Utah
Blaisdell, Church, Johnson
Sunrise Engineering
Loa Town
Loa Town
Loa Town
Grantsville City
Annabella Town
Annabella Town
Department of Workforce Services
Rural Community Consultants
Rural Community Consultants

WELCOME

The Permanent Community Impact Fund Board (CIB) Meeting was held on Thursday, July 7, 2016 at the Multi-Agency State Office Building, 195 North 1950 West, Salt Lake City, Utah and called to order at 8:30 a.m. by Chairman Keith Heaton.

ADMINISTRATIVE ITEMS

Financial Review

Candace Powers reviewed the status of the funds for today's meeting. There are ten new projects and one supplemental request on today's agenda.

Review of Agenda Items

Candace Powers reviewed the agenda items with the Board members.

I. INTRODUCTIONS

Chairman Heaton welcomed everyone and asked the Board members and staff to give introductions. He welcomed a new Board member, Commissioner Garth "Tooter" Ogden who is now representing the Six County Association of Governments. The Six County AOG position was previously filled by Commissioner Claudia Jarrett who served two terms on the Board.

II. APPROVAL OF MINUTES

Chairman Heaton requested a motion to approve the minutes from the June 9, 2016 meeting.

Naghi Zeenati made and Ron Winterton seconded a motion to approve the minutes from the June 9, 2016 meeting as corrected. The motion carried unanimously.

Chairman Heaton referenced the new financial loan tool created by the Rural Planning Group (RPG) that may be useful as a quick reference to determine loan payment scenarios.

III. NEW PROJECTS

1. Upper Country Water Improvement District (Duchesne County)

Upper Country Water Improvement District presented a funding assistance request for a \$125,000 grant for the removal of structures and vegetation, grading and applying asphalt to recently purchased property which will be fenced and include a pipe storage structure. The applicant is contributing \$25,000 cash.

The applicant indicated the parcel is adjacent to their existing property, across the street from a school. The applicant has the trustee deed and hopes to clear the land of existing debris and structures prior to the beginning of school. The project will facilitate parking for school and community events. Citizens currently park along the narrow roads.

The Board inquired as to the source of the \$25,000 applicant cash.

The applicant stated the cash was held in a reserve account for improvements.

That Board indicated that asphalt is expensive and suggested gravel for the parking lot.

The applicant indicated that the perimeter parking would be gravel, but the parking next to the buildings would be asphalt for maintenance purposes.

The Board asked if the applicant could accommodate a loan.

The applicant stated that a loan would delay the project considering their current debt which has been restructured and water connections are already high.

The Board discussed the funding request.

Jim Matson made and Steve Farrell seconded a motion placing this project on the Priority List for funding consideration at the October 6, 2016 funding meeting as a \$125,000 grant. The motion carried unanimously.

2. Town of Sigurd (Sevier County)

The Town of Sigurd presented a funding assistance request for an \$87,000 grant to purchase a new four-door cab fire brush truck with fire protection equipment.

The applicant stated that their current 2-door cab brush truck is outdated with diminished water carrying capacity. Their other fire truck is a used acquisition from Aurora City. The new truck would be an addition and would fill the 3 bay fire station.

The applicant indicated that the current trucks do not meet the new standards.

The Board suggested funding as half grant and half loan.

The applicant indicated they have several outstanding loans, and would not put the town's low revenue in jeopardy. The Town has not set aside funding for this purchase.

The Board expressed appreciation for the fire service and acknowledged the wear on the current vehicles.

The applicant indicated they are an all-volunteer fire department and are not a fire district. Other Districts are contracted with the County and get funding through those contracts but Sigurd does not receive county funding.

The Board asked about operation and maintenance funding.

The applicant indicated that O/M comes from the town and fund raising.

The Board suggested becoming a fire district.

The applicant indicated they have met with Juab and Sanpete Counties, but stated that creating a fire district would be a long process; 10-15 years. Sigurd is a first responder to the oil fields.

The Board inquired if they had a firm price.

The applicant is seeking to keep the purchase local and has contacted several auto dealers to get bids for the brush truck. They have received a bid which they will likely go with.

The Board acknowledged current firefighting efforts and expressed support and concern for fire suppression and discussed funding.

Naghi Zeenati made and Gregg Galecki seconded a motion placing this project on the Priority List for funding consideration at the October 6, 2016 funding meeting as an \$87,000 grant. The motion carried unanimously.

3. Salina City (Sevier County)

Salina City presented a funding assistance request for a \$455,000 loan for 20 years at 2.5% interest and a \$195,000 grant (total \$650,000) for swimming pool renovations to include replacing the boiler, replacing the chlorinator with a salt filtration system, constructing an addition to the south end of the pool facility, replacing plumbing and piping in the bathrooms, improving the electrical systems, flooring and finish work, relining the pool, replacing the steps, ladders, platforms and railings, repairing the water slide and repairing cracked concrete. The small pool will be replaced with a children's water feature. Fencing and patio work with pavilions will be added on the north end.

The applicant indicated maintenance issues involving the expansion of the pump room, bathrooms, showers, pool liner and mechanical components and has chosen to renovate the existing pool rather than build a new one.

The applicant indicated the project includes a pump room expansion requiring the relocation of a power transformer.

The Board inquired about the municipal energy tax incentive from Rocky Mountain Power indicated in the application.

The applicant indicated the annual budget for the pool has been \$30,000. Renovations will increase the expense and the city will utilize a \$40,000 tax incentive from Rocky Mountain Power, with any remaining funds to be applied to operation and maintenance.

The Board asked about the 2015 discussion of increasing fees for pool use.

The applicant indicated the entrance fee was increased by \$1 per person in 2015, with no increase in 2016 as the pool was in poor condition and the pool was not able to open every day. The cost is \$3 a day per adult and the pool offers aerobics, swim lessons, free swim and is rentable after 6:30. The rates are comparable with the Richfield and Gunnison pools.

The Board indicated that funding for similar projects has included some outside funding.

The applicant indicated they did approach other communities to participate but they declined to fund a facility outside their community.

The Board asked if there was a different fee structure for those outside the community.

The applicant stated that there was not but will revisit the possibility of varying fee structures.

The Board asked if there was a plan going forward to maintain the facility with community involvement.

The applicant said that with the improved pump filtration system, the operation and maintenance will decrease and the amount budgeted is \$33,000 per year for O&M. The new 2% franchise tax will provide additional funding to assist the pool budget.

The Board discussed the lack of funding participation and suggested 100% loan for the project.

Ron Winterton made and Steve Farrell seconded a motion placing this project on the Priority List as a \$650,000 loan at 2.5% interest for 20 years.

A substitute motion was made as a 75% loan and 25% grant.

Gregg Galecki made and Jim Matson seconded a substitute motion placing this project on the Priority List for funding consideration at the October 6, 2016 funding meeting as a \$487,500 loan for 20 years at 2.5% interest and a \$162,500 grant (total \$650,000). The motion failed with 4 ayes (Galecki, Matson, Ogden, Adams) and 5 nays (Winterton, Farrell, Potter, Damschen, Zeenati).

After further discussion, a second substitute motion for all loan was made with an increased loan term.

Naghi Zeenati made and Tooter Ogden seconded a second substitute motion placing this project on the Priority List for funding consideration at the October 6, 2016 funding meeting as a \$650,000 loan for 30 years at 2.5% interest. The motion carried with Gregg Galecki opposed.

4. Huntington City (Emery County)

Huntington City presented a funding assistance request for a \$60,000 grant for cemetery improvements to include an 8' cement fence and drain system to prevent flooding, 470 cubic yards of embankment, 2350 square feet of roadway, 70 linear feet of 15" ADS pipe, 2 flared end grates, 47 cubic yards of 6" road base, two 4'X4' inlet boxes and 50 linear feet of wall. The applicant is contributing \$50,020 cash.

The applicant seeks to eliminate flooding which occurs when there is significant rain and water run-off from a blue clay hillside near the cemetery causing the access road to dip and crack and headstones to sink. With installation of the swale, subsurface drainage and the fence, the effect of heavy rainwater will be mitigated.

The Board asked about the source of applicant cash.

The applicant indicated that funding is from the cemetery perpetual care fund.

Bruce Adams made and David Damschen seconded a motion placing this project on the Priority List for funding consideration at the October 6, 2016 funding meeting as a \$60,000 grant. The motion carried unanimously.

5. Huntington City (Emery County)

Huntington City presented a funding assistance request for a \$100,000 loan for 20 years at 0.0% interest and a \$157,980 grant (total \$257,980) for the construction of a 27'4" X 23'8" ADA compliant restroom facility and sidewalks to the building in the city park. The applicant is contributing \$50,000 cash.

The applicant indicated that the 1950's restrooms had to be removed. Huntington City applied for funding through CDBG but did not qualify and has an application in process with USDA. The economy of the area is very slow with the various mine closures. Families are using the park more often and indicated that facilities need to be more accessible and ADA compliant.

The Board asked if the USDA funding would be in place by the October funding meeting.

The applicant indicated that though the process is slow, an answer is expected by October.

The Board discussed funding with an increase to 2.5% interest.

Naghi Zeenati made and Jim Matson seconded a motion placing this project on the Priority List for funding consideration at the October 6, 2016 funding meeting as a \$100,000 loan for 20 years at 2.5% interest and a \$157,980 grant (total \$257,980) subject to USDA funding. The motion carried with Gregg Galecki opposed.

Concern was expressed about the high cost per square foot for this project; \$561 per square foot which is more than hospitals per square foot.

6. Grand County Municipal Building Authority (Grand County)

Grand County MBA presented a funding assistance request for a \$490,000 loan for 20 years at 2.5% interest and a \$500,000 grant (total \$990,000) for expansion of the current airport terminal building by 2,700 square feet to accommodate 50 seat commercial aircraft including fixtures, furniture and equipment. The applicant is contributing \$500,000 cash.

The applicant stated that the FAA is paying 95% of the funding needs to increase the runway to accommodate larger planes which are currently 50 passenger, with an expected transition to 70 passenger jets. The current terminal cannot accommodate the increased passenger load and a new terminal building is cost prohibitive. The applicant funded a study which determined a remodel of the existing facility with a 2700 square foot addition to accommodate greater passenger and security requirements would accommodate the needs.

The Board acknowledged the applicant cash but there was concern about the high engineering expense.

The applicant affirmed the high cost estimate which was verified by an independent entity. The FAA funding may be available to begin within the next 3-9 months. Grand County has funded the master and layout plan for the airport. The environmental assessment is underway and 90% complete and the project is on the priority list at the Denver Regional Office for funding the construction of the runway.

Concern was expressed about the high \$552 per square foot cost for the terminal renovation and asked what percentage is dealing with security issues.

The applicant indicated that most all of the expanded area is for security and meeting the needs of 50 passenger aircraft and future 70 passenger aircraft.

The Board acknowledged the benefit of airport expansion to accommodate emergencies, growth and economy, and discussed project funding.

Bruce Adams made and Naghi Zeenati seconded a motion placing this project on the Priority List for funding consideration at the October 6, 2016 funding meeting as a \$490,000 loan for 20 years at 2.5% interest and a \$500,000 grant (total \$990,000). The motion carried unanimously.

7. Beaver City (Beaver County)

Beaver City presented a funding assistance request for an \$80,000 grant to renovate the airport runway, shoulder and safety area, and adjust the runway edge lights and pavement markings. The project will remove 41,600 S.Y. of pavement and add 10,200 ton of asphalt and add 27,000 square feet of temporary and permanent paint markings, and 800 linear feet of underground electrical cable and PVC duct.

The applicant indicated that the airport was paved in 1964, expanded in 1972, and since that time there have been no significant improvements to the runway. UDOT aeronautics approved the reconstruction of the runway and the FAA has authorized the project to be bid.

The applicant stated that the airport is critical for fixed wing Life Flight services in Beaver Valley and from St. George to Salt Lake City and utilized in wild fire prevention activities. The runway is unsafe and rehabilitation is needed. The 4% of project funding is to leverage funding from the FAA and UDOT.

The Board inquired about the public hearing and a discussion of funding options.

The applicant indicated that a public hearing was held with little public comment.

The Board discussed funding options.

Steve Farrell made and Tooter Ogden seconded a motion placing this project on the Priority List for funding consideration at the October 6, 2016 funding meeting as an \$80,000 grant. The motion carried unanimously.

8. Grantsville City Municipal Building Authority (Tooele County)

Grantsville City MBA presented a funding assistance request for a \$2,700,000 loan for 30 years at 2.5% interest for the construction of the 12,000 square foot Grantsville City Justice Center on 1.47 acres of land to house the police department and justice court and includes audio visual equipment, phone system and furniture for the building. The applicant is contributing \$897,131 cash.

The applicant indicated that currently the police department is housed in 1300 square feet of space; 300 feet of that space is evidence room and the remaining 1000 feet must house 42 part time, full time and volunteer employees. The justice court is in the same building and does not meet state safety guidelines. A financial and needs assessment was initiated last summer which indicated a need of over 14,000 square feet which has been adjusted to just over 12,000 square feet. The property for the project has been purchased and the public has been involved in the process.

The Board expressed concern about the minimalist public hearing minutes.

The applicant indicated that there has been a significant and on-going campaign to provide for public information concerning this project and to receive input over a period of months. The public is aware and supportive.

The Board acknowledged the project as worthy of consideration, but indicated that Tooele County is not a mineral lease producer and has received a substantial amount of funding. It was suggested to award funding above the standard interest rate.

The Board discussed funding options.

Naghi Zeenati made and Jim Matson seconded a motion placing this project on the Priority List for funding consideration at the October 6, 2016 funding meeting as a \$2,700,000 loan for 30 years at 2.5% interest.

Jae Potter made a substitute motion to deny the project. There was no second.

The chairman called the question on the original motion.

Naghi Zeenati made and Jim Matson seconded a motion placing this project on the Priority List for funding consideration at the October 6, 2016 funding meeting as a \$2,700,000 loan for 30 years at 2.5% interest. The motion carried with 5 ayes (Matson, Galecki, Farrell, Adams, Zeenati) and 4 nays, (Damschen, Ogden, Potter, Winterton).

The Chairman reminded the applicants and the Board that projects have been placed on the Priority List only. Projects will receive final funding at the October 6, 2016 meeting as sufficient funding is available.

9. Santa Clara City (Washington County)

Santa Clara City presented a funding assistance request for a \$176,000 loan for 20 years at 2.5% interest and a \$175,000 grant (total \$351,000) for a landslide stabilization project to include purchasing affected properties, demolition of 6 residential structures, relocating families and installing groundwater drains and buttresses along the toe of the slide. The applicant is contributing \$20,000 in cash.

The applicant indicated that the issue has been monitored and addressed for several years. In 1993 the city tried to de-water the area. Groundwater drains were not placed in the appropriate locations and water issues continued. The area has now been deemed unsafe. Two homes have been condemned. Through a high geologic study and risk analysis, it was determined that 26 homes are impacted by the slide. One home has been demolished. FEMA has allocated funding in the form of a Pre-Disaster Mitigation Grant this year. Santa Clara is completing the NEPA process and title work. The FEMA grant is 75% of the estimated project cost. Six parcels will be purchased by the city and a deconfliction

placed so that nothing can be built on those parcels. The homes will be removed and the slope will be contoured to remove weight from the top and placed as a doorstep at the bottom of the hillside.

The Board acknowledged the problem which has been ongoing for several years and the efforts to assess and mitigate.

Naghi Zeenati made a motion to place this project on the Priority List for funding consideration at the October 6, 2016 funding meeting as a \$351,000 grant.

The Board suggested a substitute motion with funding as a loan and asked the applicant if they could accommodate a loan.

The applicant indicated they would accommodate whatever the Board would offer to match the FEMA funding as this project must be done.

The Board indicated that funding as a loan is appropriate for the location and the type of project as it appears to be a personal property issue.

Ron Winterton made and Gregg Galecki seconded a substitute motion placing this project on the Priority List for funding consideration at the October 6, 2016 funding meeting as a \$351,000 loan for 20 years at 2.5% interest. The motion carried with Naghi Zeenati opposed.

10. Town of Loa (Wayne County)

The Town of Loa presented a funding assistance request for \$315,644 grant to purchase a Rosenbauer and Graham Four Door Chassis fire truck with equipment. The applicant is contributing \$10,000 cash.

The applicant stated that their two trucks are 1974 and 1985 trucks and the 1974 should be taken out of commission. The applicant set aside \$10,000 to assist in this purchase.

The Board asked if there was a sinking fund for these types of expenses.

The applicant indicated that a special service district has been discussed, but at present, the town will take the responsibility of the fire department which serves the surrounding towns of Fremont, Lyman, Bicknell, Teasdale, Torrey and Hanksville as needed. The Loa Fire Department is also on call for the Fish Lake National Forest.

The Board acknowledged the difficulty in accommodating these acquisitions and suggested that a sinking fund be established.

Jae Potter made and Bruce Adams seconded a motion placing this project on the Priority List for funding consideration at the October 6, 2016 funding meeting as a \$315,644 grant. The motion carried unanimously.

IV. SUPPLEMENTAL REQUEST

1. Town of Annabella (Sevier County)

On April 2, 2015 the Town of Annabella's funding request was advanced to the Priority List as a \$470,000 loan for 30 years at 2.5% interest and a \$1,096,000 grant (total \$1,566,000) for flood protection and storm water improvements to include ditch construction, east and west debris basin structures, the installation of 100 linear feet of 24" corrugated metal pipe (CMP) culverts, 375 linear feet of 18" culverts and 200 linear feet of 36" CMP culverts to control drainage issues.

On July 6, 2016 the CIB staff was contacted by the applicant requesting time on the July 7, 2016 meeting to request supplemental funding for flood protection and storm water improvements as a \$67,000 loan for 30 years at 2.5% interest and a \$156,000 grant (total \$223,000) to cover increased expenses for flood protection and storm water improvements.

The applicant indicated that construction costs have increased by 40%. The flood debris basins require oversight by State of Utah Dam Safety. The detention ponds have increased in size to accommodate dam safety protocol. Additional permitting, environmental surveys, geotechnical analysis and miscellaneous NRCS (National Reserve Conservation Services) requirements are being accommodated. The applicant pursued a \$500,000 grant from the NRCS, of which \$298,000 was awarded.

The Board suggested the supplemental request to be funded as a loan.

The applicant indicated that increased loan funding would exceed the authorized loan amount authorized in the bond hearing and require a delay to start over in the bonding process. The scope has not changed but there are additional requirements which have increased the expense.

Bruce Adams made and Tooter Ogden seconded a motion to suspend the rules and fund this project as a \$67,000 loan for 30 years at 2.5% interest and a \$156,000 grant (total \$223,000). The motion carried unanimously.

V. BOARD MEMBER DISCUSSION

1. Initial Throughput Due Diligence Checklist (SB246)

An initial preliminary Due Diligence Checklist for the Throughput Infrastructure funding was presented to the Board. The list will soon be available on the website. The Board acknowledged that it is difficult to clarify details in lieu of having no application submitted at this time, but this is a starting point.

Chairman Heaton asked for a motion to accept this list.

Naghi Zeenati made and Jim Matson seconded a motion to accept the preliminary checklist. The motion carried unanimously.

2. Throughput Infrastructure Contingent Funding Status & Discussion

As of July 1, 2016, the first \$26 million of new mineral lease funding is placed with the Department of Transportation per SB246 to facilitate the statutory use of mineral lease revenues.

The mineral lease revenue up to \$26 million will be placed with UDOT. The Board shall be aware of the reduced revenue as applications are brought forward for the limited funds.

The allocation of mineral lease funding set aside in the infrastructure account may be utilized as necessary.

VI. ADJOURNMENT

The next regularly scheduled meeting of the Permanent Community Impact Fund Board will be August 18, 2016 at the Multi-Agency State Office Building, 195 North 1950 West, Salt Lake City, Utah.

This meeting adjourned at 11:55 am.

Submitted by:
Cristine Rhead